

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Lempert, et. Al. Analyst: Marion Mann DeJong Bill Number: AB 1614

Related Bills: AJR 20, SB 1908 Telephone: (916) 845-6979 Amended Date: 06/11/98

Attorney: Doug Bramhall

Sponsor:

SUBJECT: California Internet Tax Freedom Act

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED May 27, 1998, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

This bill would enact the "California Internet Tax Freedom Act," prohibiting, with specified exceptions, any local government (including political subdivisions) from imposing, assessing or attempting to collect any new taxes imposed on Internet access and Online Computer Services, and prohibiting discriminatory application of existing or new taxes, as defined, to Internet access or Online Computer Services. The act also would declare that California is not currently imposing any discriminatory taxes or fees on Internet access or Online Computer Services and that the Legislature intends that the state impose no such tax or fee in the future.

Under the Sales and Use Tax Law, this bill would codify the decisions of recent court cases and modify the date that the provision exempting the taking of orders from customers in this state through a computer telecommunications network from the definition of "engaged in business in this state" becomes inoperative.

SUMMARY OF AMENDMENT

Under the California Internet Tax Freedom Act, the June 11, 1998, amendments made the following changes.

- Added legislative findings and declarations that California is not currently imposing any discriminatory taxes or fees on Internet access or Online Computer Services.
- Added legislative intent that no existing or future taxes or fees be imposed by the state in a discriminatory manner upon Internet access or Online Computer Services.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department/Legislative Director

Date

Johnnie Lou Rosas

6/25/98

- Deleted the definition of tax.
- Modified the prohibition against Internet taxes to apply only to taxes or fees imposed by local governments rather than the state and local governments.

Under the Sales and Use Tax Law, the June 11, 1998, amendments deleted most of the changes proposed by the prior amendment and modified the date that one provision becomes inoperative.

Except for the definition of "tax" and the changes noted above, the department's analysis of the bill as amended May 27, 1998, still applies.